



*Martin O'Malley*  
Governor



*Anthony G. Brown*  
Lt. Governor

# Minority Business Enterprise

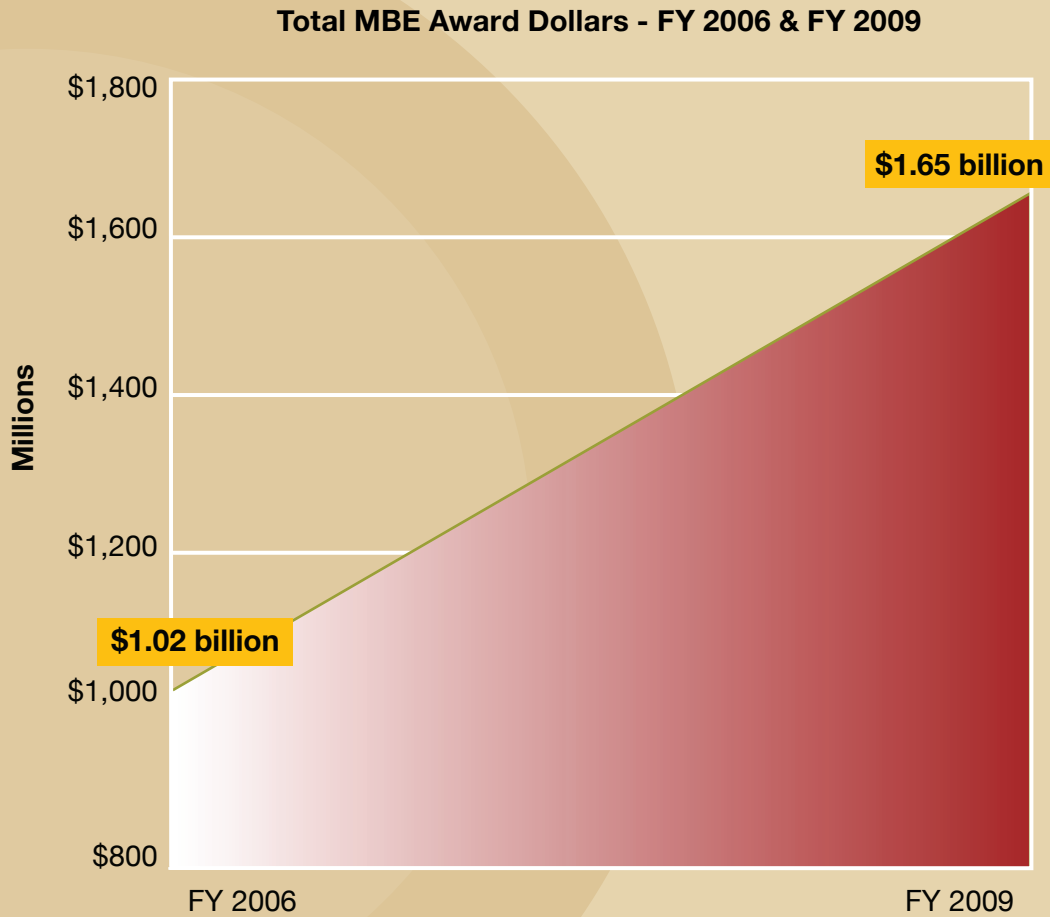
2009 ANNUAL REPORT



**GOVERNOR'S OFFICE OF MINORITY AFFAIRS**

Luwanda W. Jenkins, Special Secretary

**Awards to MBE Firms Increased by 61.8% from FY 2006 to FY 2009  
(\$1.02 billion in FY 2006 to \$1.65 billion in FY 2009)**



*“It is not by chance, but by choice that the O’Malley-Brown Administration has increased opportunities for minority and women-owned businesses to record levels.”*

*Governor Martin O’Malley*

## Table of Contents

<b>Message from the Governor</b>	2
<b>Message from the Lt. Governor</b>	3
<b>Message from the Special Secretary of the Governor's Office of Minority Affairs</b>	4
<b>2009 Accomplishments</b>	5
• <i>Economic Impact of Maryland's Minority Business Enterprise (MBE) Program – Creating Jobs</i>	6
• <i>MBE Inclusion in Maryland's American Recovery and Reinvestment Act (ARRA)</i>	6
• <i>Creating Opportunities for Minority and Women-Owned Firms through Base Realignment and Closure (BRAC)</i>	7
• <i>Maryland's Pro-Minority Business Culture Expands to New Areas</i>	8
• <i>MBE Outreach – Helping Maryland's Minority and Women-Owned Firms Do Business with the State of Maryland</i>	9
<b>2009 Legislative Highlights</b>	12
<b>MBE Program Progress – Analysis of State Procurement Agency Performance for Fiscal Year 2009</b>	13
• <i>Performance Relative to Major Goal</i>	13
• <i>Performance Relative to Sub-Goals</i>	20
• <i>Analysis of MBE Payments</i>	21
<b>Conclusion and Future Outlook</b>	26
<b>Appendices</b>	
Appendix A – Summary of Procurements Not Conducive to MBE Participation, FY 2009	27
Appendix B – The Amount and Distribution of Contract Awards for Cabinet Procurement Agencies (Excluding Certain Contracts), FY 2009	28
Appendix C – The Amount and Distribution of Contract Awards for 14 StateStat Reporting Procurement Agencies (Excluding Certain Contracts), FY 2009	29
Appendix D – The Amount and Distribution of Contract Awards for All State Procurement Agencies (Excluding Certain Contracts), FY 2009	30

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## Message from Governor Martin O'Malley



Maryland's small, minority and women-owned firms are a source of great pride for the State of Maryland, and a significant part of the engine that drives our economy. They are the largest source of private employment and our progress as a State depends on their steady growth and prosperity.

Here in Maryland, where diversity is truly our greatest strength, we are working hard to create new jobs, improve public safety and public education, while expanding the ranks of an upwardly-mobile middle class, including our minority and women-owned firms. Creating connections that expand opportunity for minority and women-owned firms has been a core priority for the O'Malley-Brown Administration. We recently launched a new initiative – Minority Business Enterprise (MBE) University, designed to connect small and minority businesses with State and private sector contracting opportunities.

In partnership with our Executive Cabinet, the Maryland General Assembly, minority business advocates, and other stakeholders, we have made tremendous progress and the State continues to maintain its reputation as a national leader in the area of MBE. Maryland's MBE Program is stronger than ever and it is not by chance, but by choice that the O'Malley-Brown Administration has increased opportunities for minority and women-owned businesses to record levels.

### Highlights:

- Leveraged MBE initiatives to help create or save more than 18,900 jobs during FY 2009.
- Achieved 22% MBE participation across State procurement agencies overall in FY 2009.
- Awarded \$1.65 billion in State procurement contracts to MBE firms in FY 2009, representing a 26% increase over FY 2008.
- Increased awards to African American-owned firms by 39% in FY 2009 (from \$266 million in FY 2008 to \$371 million in FY 2009).
- Increased awards to Women-owned firms by nearly 11% in FY 2009 (from \$397 million in FY 2008 to \$439 million in FY 2009).
- Achieved 25% MBE Participation for 14 StateStat reporting procurement agencies, collectively; and 23.7% for cabinet procurement agencies, collectively.
- Increased awards to MBE firms by 61.8% from \$1.02 billion in FY 2006 to \$1.65 billion in FY 2009.
- Increased payments to MBE firms by 38% from \$733 million in FY 2006 to \$1.01 billion in FY 2009.

Maryland is closer to its 25% MBE goal – the highest in the nation. Together, with your help, we are making progress in record numbers. I want to extend my sincere gratitude to each of you, recognizing that without your partnership, our record number achievements would not be possible.

Sincerely,

A handwritten signature in black ink, reading "Martin O'Malley". The signature is stylized with a large, looping "M" and "O".

Martin O'Malley  
Governor

## Message from Lt. Governor Anthony G. Brown



The 2005 Base Realignment and Closure decision will bring as many as 60,000 new jobs to Maryland and create new opportunities for our business communities, including our strong and diverse community of small and minority businesses.

To ensure that our minority firms could benefit from opportunities arising from BRAC-related economic growth, we developed a BRAC Small and Minority Business Readiness Plan as part of the State's overall BRAC Action Plan and created the BRAC Small and Minority Business Advisory Board. The Plan outlines initiatives that will allow small and minority firms to have access to BRAC-related information, resources and business opportunities.

In partnerships with our Congressional delegation, federal and local government agencies, community leaders, military installations, commands and alliances, defense contractors, and advocacy groups, we have made and continue to make substantial progress. During 2009, in collaboration with members of the Maryland Congressional Delegation, we held the first ever BRAC Minority Business Enterprise Conference to inform small and minority firms of procurement opportunities with the U.S. Department of Defense. In addition, the Governor's Office of Minority Affairs (GOMA) and the BRAC Small and Minority Business Advisory Board have been instrumental in expanding the pool of federal contracting opportunities for small and minority firms. As a result of facilitating teaming and partnering relationships between minority firms and large established defense contractors, minority firms received over \$200 million in BRAC-related contract awards.

Expanded outreach efforts have also contributed to our success. Over 300 firms received assistance this past year; and, numerous business and advocacy groups received information to better educate the minority business community about BRAC. GOMA also launched a new comprehensive BRAC Web Page - <http://www.mdminoritybusiness.com/BRAC4> - that contains information on small and minority business initiatives and resources.

The success of small and minority firms remain a top priority for the O'Malley-Brown Administration. With the support of our collective partners, we will continue to strengthen our commitment as we move forward in our efforts to prepare Marylanders for more opportunities.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony G. Brown".

Anthony G. Brown  
Lt. Governor

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## Message from Special Secretary Luwanda W. Jenkins



I am pleased to present the 2009 Annual Report for the Governor's Office of Minority Affairs (GOMA) and the State's Minority Business Enterprise (MBE) Program. This past year has been one of steady growth and impressive gains for Maryland's small, minority and women-owned firms. With the leadership of Governor Martin O'Malley and Lt. Governor Anthony Brown, GOMA has been a strong catalyst and advocate for MBE progress.

In addition to the record gains towards the statewide goal of 25% MBE participation in State government contracting and procurement, Maryland's MBE firms contribute to the State's job creation equation by supporting more than 18,900 direct and secondary jobs and over \$40 million in State and local tax revenues. Minority business enterprises are participating in Maryland's share of the American Recovery and Reinvestment Act (ARRA) and Base Realignment and Closure (BRAC) activity, both of which are helping to stabilize the State's economy during these tough times.

Throughout the pages of our 2009 Annual Report are examples of new areas of activity and opportunity for minority and women-owned firms. Local school construction, State funded investment activity, and the (15) companies participating in the Maryland Public Service Commission's MBE agreement, are avenues now open for greater inclusion of MBE firms in Maryland. These initiatives are being supported by a more focused outreach effort to connect MBE firms with vast opportunities and resources. The launch of MBE University and GOMA's first ever MBE resource supplement, *Minority Business Enterprise ...More Business for Everyone in Maryland*, which was produced in partnership with *The Daily Record* newspaper, help to exemplify our commitment to keeping MBEs informed and connected.

I also want to thank the collective partners, State procurement agencies, and other invested stakeholders who contributed to the success of Maryland's MBE Program and capacity building initiatives during 2009. Together we will continue to create *More Business for Everyone in Maryland*.

Sincerely,

Luwanda W. Jenkins  
Special Secretary



## 2009 Accomplishments

Under the leadership of the O'Malley-Brown Administration and in partnership with State procurement agencies, private sector partners, and the minority business community, the Governor's Office of Minority Affairs (GOMA) made significant strides in 2009. Maryland continues to be a leader in the area of Minority Business Enterprise (MBE), through its progressive policies, comprehensive approach, and aggressive oversight.

### Key accomplishments include:

- ✓ Achieved 22.2% MBE participation statewide in FY 2009, with a participation rate of 23.7% for the cabinet procurement agencies.
- ✓ Awarded \$1.65 billion in State contracts to MBE firms in FY 2009, a 26.1% increase over FY 2008.
- ✓ Required all 24 local school construction programs to follow the State's MBE Program and adopt the 25% MBE goal.
- ✓ Partnered with the Maryland Public Service Commission to secure an agreement with 15 regulated companies who have adopted Maryland's 25% MBE goal.
- ✓ Strengthened the accountability for inclusion of minority fund managers and brokers who participate in State funded and managed investment programs.
- ✓ Achieved significant minority business inclusion in conjunction with Maryland's American Recovery and Reinvestment Act (ARRA) funded projects.
- ✓ Implemented a Prompt Payment directive to ensure timely payment to all subcontractors.
- ✓ Created in-roads for Maryland minority businesses to obtain opportunities with defense contractors and military defense work as part of the State's BRAC efforts.
- ✓ Launched the first ever minority business enterprise resource supplement to *The Daily Record* newspaper.
- ✓ Launched Governor O'Malley's new MBE outreach initiative – MBE University, to further assist minority businesses with maximizing State-sponsored business opportunities and resources.

### MBE Program

Maryland's MBE Program, the first state program of its kind in the country, was created to assist minority and women-owned firms in gaining greater access to State government contracts and procurement opportunities. Maryland's 25% goal is the highest in the nation – with sub-goals of 7% for African American and 10% for Women-owned businesses.

### Governor's Office of Minority Affairs (GOMA)



GOMA is the primary advocate for the State's nearly 250,000 minority and women-owned businesses, and is a one-stop shop for information, referral, and support. GOMA is responsible for statewide oversight of the MBE Program and serves in an advisory capacity to the Governor on key MBE issues in the State.

## Economic Impact of Maryland's MBE Program – Creating Jobs

Maryland is home to one of the largest and most robust populations of minority and women-owned firms in the nation. The MBE Program supports the State's economic development goals of job creation, expanded industry and increased tax revenues. The benefits of the MBE Program extend beyond MBE firms' participation in the Program. Through secondary financial transactions between MBEs and other industries and institutions, the Program has far reaching positive impacts for Maryland.

The Office of Research of the Maryland Department of Housing and Community Development (DHCD)<sup>1</sup> in collaboration with the Governor's Office of Minority Affairs (GOMA) estimated the direct, secondary and total statewide economic impacts resulting from MBE participation on procurement payments made by State agencies.<sup>2</sup> In FY 2009, the State made \$1 billion in procurement payments to MBE firms which helped create or save 18,906 jobs (12,051 direct jobs and 6,855 secondary jobs); resulted in \$609.1 million in direct and secondary wages and salaries; and approximately \$41.1 million in direct and secondary State and local tax revenues. The MBE Program generated a total of \$1.7 in total economic impact per dollar of State procurement funds.

Economic Impact of MBE Procurement Payments in Maryland: FY 2009			
Impact Indicator	Direct	Secondary	Total
Expenditures (\$millions)	\$943.4	\$675.7	\$1,619.1
Per \$1 of Direct Expenditures	\$1.0	\$0.7	\$1.7
Employee Income (\$millions)	\$362.3	\$246.8	\$609.1
Employment (Full-Time Equivalent Jobs)	12,051	6,855	18,906
Per \$1 million of Direct Expenditures	12.8	7.3	20.0
State Tax Receipts (\$millions)	\$16.8	\$11.4	\$28.2
Retail Sales Tax	\$5.0	\$3.1	\$8.1
Personal Income Tax	\$11.9	\$8.3	\$20.1
Local Income Surtax (\$millions)	\$7.6	\$5.3	\$12.9
State and Local Tax Receipts (\$millions)	\$24.5	\$16.6	\$41.1
Per \$1 million of Direct Expenditures	\$25,951	\$17,636	\$43,588

## MBE Inclusion in Maryland's American Recovery and Reinvestment Act

Jump-starting the economy by supporting small and minority-owned businesses which provide half of all jobs in Maryland is a major focus of the historic American Recovery and Reinvestment Act (ARRA) signed by President Barack Obama in February, 2009. As part of the recovery, Maryland will receive approximately \$4.1 billion in ARRA funds from 2009-2011 to support a wide range of activity such as transportation infrastructure, education, energy conservation, weatherization, environmental infrastructure, and health and human services programs.

In keeping with Maryland's pro-minority business culture and the goals of the O'Malley-Brown Administration, Maryland took aggressive and decisive action to ensure that the State's MBE goals and policies were applied to Maryland's ARRA funded projects. During 2009, MBE firms were awarded \$84.6 million in procurements and contracts, for a participation rate of 14% on projects that were fully or partially funded by ARRA.

<sup>1</sup> The economic impact estimates were obtained through the Resource Allocation Model of DHCD (RAM-DHCD), based on the nationally known IMPLAN input-output system of the University of Minnesota IMPLAN Group.

<sup>2</sup> The economic impact estimates are based on FY 2009 Payment Data provided by 62 State procurement agencies.



**ARRA Minority Business Enterprise / Disadvantaged Business Enterprise (MBE/DBE) Participation on Contracts & Grants by Reporting Agency (Agency Data thru 12/31/09)**

Agency	Total Contract Award Amount (all funding sources)	ARRA Funds Associated with Contract Award	MBE/DBE Commitment Amount	MBE % of Total Award Amount
Education (Contracts & Grants to Local Agencies)	\$60,741,587	\$59,170,693	\$5,902,434	9.72%
Environment (Water Quality Grants to Local Jurisdictions)	\$127,860,906	\$53,362,270	\$6,430,135	5.03%
Housing & Community Development (Weatherization Grants to Local Agencies)	\$61,441,745	\$61,441,745	\$2,843,373	4.63%
Transportation (MDOT) Total	\$351,095,906	\$284,724,879	\$69,469,086	19.79%
<i>MDOT - Aviation Administration</i>	<i>\$36,778,944</i>	<i>\$15,000,000</i>	<i>\$9,200,314</i>	<i>25.02%</i>
<i>MDOT - State Highway</i>	<i>\$264,254,703</i>	<i>\$219,662,620</i>	<i>\$41,930,009</i>	<i>15.87%</i>
<i>MDOT - State Highway/Baltimore City</i>	<i>\$14,805,405</i>	<i>\$14,805,405</i>	<i>\$5,624,235</i>	<i>37.99%</i>
<i>MDOT - Transit Administration</i>	<i>\$35,256,854</i>	<i>\$35,256,854</i>	<i>\$12,714,528</i>	<i>36.06%</i>
<b>Total</b>	<b>\$601,140,144</b>	<b>\$458,699,587</b>	<b>\$84,645,028</b>	<b>14.08%</b>

A significant portion of the State's ARRA funds are distributed in the form of grants to local jurisdictions and are not direct State-controlled procurements. Education, Environment, and Housing & Community Development are examples of agencies with ARRA grant funds which are passed on to local jurisdictions that report on MBE/DBE participation. While these are largely pass through grants State agencies have encouraged MBE inclusion to the extent possible. This effort is yielding MBE returns.

Notes: MBE % is the MBE Commitment Amount divided by the Total Contract Award Amount (all funding sources).  
The Transportation total is the sum of the Aviation, State Highway, State Highway/Baltimore City, and Transit totals.

## Creating Opportunities for Minority and Women-Owned firms through Base Realignment and Closure (BRAC)

In recognition of the opportunities that BRAC presents to small and minority businesses, the Governor's Office of Minority Affairs (GOMA) is one of 10 State agencies serving on the Governor's Subcabinet on BRAC, chaired by Lt. Governor Anthony G. Brown. As part of the State's BRAC readiness efforts, GOMA assisted minority and women-owned firms in gaining access to business opportunities with Department of Defense (DoD) contractors and federal buyers on Maryland's military bases. GOMA also convened and participated in outreach events and educational briefings with local chamber groups, minority business organizations, local elected officials and members of Maryland's Congressional Delegation, all of whom are vested stakeholders in the success of Maryland's BRAC actions.

BRAC-MBE progress received a major boost from the 34-member BRAC Small and Minority Business Advisory Board that was created by GOMA and is represented by private sector minority business owners, many of whom have formal military experience. Together, GOMA and the Advisory Board facilitated opportunities that resulted in over \$200 million dollars in BRAC-related contract awards to small, minority and women-owned firms in 2009:

- Hensel Phelps Construction Company, the general contractor for the Defense Information Systems Agency's (DISA) new headquarters complex at Fort George G. Meade, has awarded \$80 million;
- the Tompkins-Turner Grunley/Kinsley Joint Venture Team at Aberdeen Proving Grounds has awarded \$47 million; and,
- DoD contractors who are operating on Maryland's military bases have awarded an estimated \$75 million in information technology related contracts.

## Maryland's Pro-Minority Business Culture Expands to New Areas

The strength and impact of Maryland's pro-minority business culture and policies are reaching beyond State procurement agencies that traditionally participate in the MBE Program. Through Governor O'Malley's leadership and in collaboration with State Legislators and regulators, GOMA has helped to chart new waters of opportunity for minority and women-owned firms.

### ***Public Utility Companies Strive to Reach the State's 25% MBE Goal***

The Maryland Public Service Commission (PSC), in partnership with GOMA, negotiated an agreement whereby PSC regulated companies and utilities have committed to achieve the State's 25% MBE goal by 2012. The Memorandum of Understanding, referred to as PC16, was signed in February, 2009. Participating parties include Baltimore Gas and Electric, Potomac Electric Power Company, Verizon, Washington Gas, Delmarva Power and Light, and others representing some of the largest private sector corporations operating in Maryland and the Washington Metropolitan Area.



*Public Service Commission's MOU Signing Ceremony with Regulated Companies*

### ***Local School Construction Programs Adopt the State's 25% MBE Goal***

State funded investments in Maryland's Public School Construction Program under the O'Malley-Brown Administration totaled more than \$700 million over the past two fiscal years, the highest in State history. The State's Inter Agency Committee on Public School Construction in collaboration with GOMA, secured the adoption of the State's MBE policy and 25% goal by all 24 Local Education Agencies.

### ***State-Operated Investment Funds Expand Use of Minority-Owned Fund Managers and Brokers***

During the 2008 Legislative Session of the Maryland General Assembly, the passage of Senate Bill 606/House Bill 1277 required the four (4) State-operated investment programs to diversify and expand their portfolios to include more minority and women-owned fund managers and brokers. The legislation (which became effective October 1, 2008), also required the four entities to submit annual reports to GOMA and the Maryland General Assembly regarding their efforts. GOMA worked with the entities to develop a reporting and accountability format to benchmark progress. Through the vigilance of the Legislators who sponsored the Bill, and the commitment of the investment agencies and programs, impressive gains were made to honor both the intent and spirit of the legislation. The following tables illustrate progress to date.

### Usage of Minority Investment Managers - FY 2008 & FY 2009 Comparison

AGENCY	FY 2008		FY 2009		% Increase in Assets Managed, FY 2008 to FY 2009
	# Minority Investment Managers	Assets Managed (\$millions)	# Minority Investment Managers	Assets Managed (\$millions)	
Automobile Insurance Fund	0	\$0.0	2	\$7.3	N/A*
Injured Workers Insurance Fund	1	\$30.0	4	\$85.0	183.3%
Retirement & Pension System	7	\$326.5	53	\$1,253.4	283.9%
*Automobile Insurance Fund's increase is substantial since there were no assets managed by minority-owned firms in FY 2008.					

Source: GOMA

### Usage of Minority Brokers - FY 2008 & FY 2009 Comparison

AGENCY	FY 2008		FY 2009		% Increase in Assets Brokered, FY 2008 to FY 2009
	# Non-Primary Minority Brokers	Assets Brokered (\$millions)	# Non-Primary Minority Brokers	Assets Brokered (\$millions)	
Treasurer	10	\$464.7	14	\$1,070.0	130.3%

Note: The Treasurer's Office, due to its operational structure, does not provide external investment management opportunities similar to the other three agencies. Therefore, only investment broker/dealer opportunities exist.

Source: GOMA

### Maryland Independent College & University Association Launches MBE Initiative

The Maryland Independent College & University Association (MICUA) in collaboration with GOMA, implemented a MBE initiative to increase outreach and inclusion of minority-owned firms to the State's 17 private colleges and universities. Collectively, these institutions spent \$750 million in capital construction projects from 2005 through 2009.

### MBE Outreach – Helping Maryland's Minority and Women-Owned Firms Do Business with the State of Maryland

Assisting minority and women-owned firms with navigating the terrain of State contracting and procurement and accessing resources to sustain business growth is a critical part of GOMA's mission. During 2009, GOMA in partnership with State procurement agencies, various business chambers, and organizations including minority trade groups, provided outreach events and activities in every part of the State. Under the O'Malley-Brown Administration, increased outreach efforts to expand programs and access to opportunities for minority and women-owned businesses resulted in the launch of two highly successful initiatives: the first ever minority business resource supplement to *The Daily Record* newspaper; and Governor O'Malley's MBE University Initiative.

### Minority Business Enterprise Resource Supplement

"Minority Business Enterprise...**More Business for Everyone in Maryland**" was produced in partnership with *The Daily Record*, and distributed statewide. This supplement serves as a guide for how to do business in Maryland as a minority or woman-owned business, and also showcases Maryland's success as a national leader in minority business enterprise.

### ***MBE University – Maryland is Open for Business!***

With the goal of bringing all the State's resources for small and minority firms together in one location to assist with making inroads with State contracting, the Governor's Office, in collaboration with the State's Minority Business Coordinating Agencies, launched MBE University. Designed as a "Road Show" conference that travels to each of the State's regions, MBE University offers training and information on the State's programs and opportunities for small, minority and women-owned businesses.



The kick-off was held in December, 2009 in Prince George's County. Governor O'Malley and Lt. Governor Brown addressed an audience of over 300 attendees. Private sector companies, Verizon and Pepco also participated and announced large-scale projects for minority business participation opportunities.







MINORITY BUSINESS ENTERPRISE UNIVERSITY



## 2009 Legislative Highlights

The Legislative Black Caucus of Maryland, other key Legislators and minority business advocates, in partnership with the O'Malley-Brown Administration, were instrumental in the Maryland General Assembly passing several initiatives that impacted small, minority and women-owned businesses during the 2009 Legislative Session. The following is a summary of legislation that became law effective October 1, 2009.

House Bill and/or Senate Bill	Title of Legislation & Brief Description
HB 124 SB 187	<b>STATE PROCUREMENT – BUNDLING OF PROCUREMENTS.</b> Prohibits State agencies from bundling procurements. “Bundling” is defined as consolidating two or more procurement requirements for supplies or services that were previously performed under separate contracts into one contract that is unlikely to be winnable by MBEs or small businesses. The bill does not effect bundling for procurements under the Small Business Reserve Program.
HB 389 SB 611	<b>MINORITY BUSINESS ENTERPRISE PROGRAM – PROHIBITIONS.</b> Prohibits a prime contractor from including a certified MBE in a bid or proposal without requesting, receiving, or obtaining the MBE's authorization. The contractor must also use the MBE's services to perform the contract. In addition, the contractor may not pay the MBE solely for the use of its name in the bid or proposal. The law also requires GOMA to operate a fraud hotline to be used to report violations under this law.
HB 471 SB 489	<b>MINORITY BUSINESS ENTERPRISE CERTIFICATION – CAP ON PERSONAL NET WORTH.</b> Requires the cap on the personal net worth requirement for certification as a MBE to be adjusted annually in accordance with the Consumer Price Index. It also exempts from the personal net worth, up to \$500,000 of the cash value of any qualified retirement savings plan or individual retirement account. MDOT, in consultation with the Attorney General's Office and specified legislative committees, must evaluate whether the personal net worth cap should be further adjusted, and report its findings to the General Assembly by December 1, 2010.
HB 641 SB 211	<b>MINORITY BUSINESS ENTERPRISE PROGRAM – PARTICIPATION BY RACE OR GENDER.</b> Allows a woman-owned business that is owned by a member of a racial or ethnic minority group to be certified as both a woman-owned business and as a business owned by a member of a recognized racial or ethnic minority group under the State's minority business enterprise (MBE) program. It also allows firms with dual certification to participate in an individual procurement contract as either a woman-owned business or as a business owned by a member of a racial or ethnic minority group, but not both.
HB 1297	<b>PROCUREMENT – MINORITY BUSINESS ENTERPRISES – PRIME CONTRACTORS.</b> Requires the Board of Public Works to adopt regulations that promote and provide for the counting and reporting of certified minority business enterprises as prime contractors. It also adjusts annual MBE reporting to GOMA to reflect these changes.
HB 1336 SB 946	<b>MINORITY BUSINESS ENTERPRISE PROGRAM – REPORT TO JOINT COMMITTEE ON FAIR PRACTICES.</b> Requires that State procurement units submit a copy of their annual minority business enterprise (MBE) utilization reports to the General Assembly's Joint Committee on Fair Practices.
HB 1554	<b>LINKED DEPOSIT PROGRAM – LOANS TO MINORITY BUSINESS ENTERPRISES.</b> Allows borrowers under the State's Linked Deposit Program to apply for loans directly from participating lenders rather than through the Department of Housing and Community Development (DHCD). It also exempts decertified minority business enterprises (MBEs) from having their loans reduced if their decertification is due to revenue or employment growth.
SB 568	<b>MINORITY BUSINESS ENTERPRISE PROGRAM – DIRECTORY OF MINORITY BUSINESS ENTERPRISES.</b> Requires the Maryland Department of Transportation to retain in its directory of MBEs a list of all MBEs that are ineligible to participate in the State's MBE program because (1) the personal net worth of one or more of the MBE's owners exceeds the statutory cap; or (2) the MBE no longer qualifies as a small business under federal guidelines.



## MBE Program Progress – Analysis of State Procurement Agency Performance for FY 2009

State procurement agencies continue to make impressive gains toward achieving greater inclusion of minority and women-owned firms in the area of State contracting and procurement. Total MBE procurement awards rose again to \$1.65 billion in FY 2009 and the MBE participation rate is up to 22.2%.

### Performance Relative to Major Goal

***Total contract award dollars to certified MBEs rose to 22.2% in fiscal year 2009, up from 20.3% in FY 2008 and 20% in FY 2007.***

MBE awards rose from \$1.31 billion in FY 2008 to \$1.65 billion in FY 2009, a gain of 26.1%. Because the gain in total MBE awards was more rapid than overall State contractual awards, the MBE participation rate rose nearly 2% over the past fiscal year (see Exhibit 1).

#### **Exhibit 1: MBE Awards by Fiscal Year, 2007-2009**

Fiscal Year	Total Awards	Total MBE Awards	Total MBE Participation
2009	\$7,450,004,264	\$1,652,187,990	22.2%
2008	\$6,454,144,304	\$1,308,805,558	20.3%
2007	\$5,673,549,266	\$1,132,262,233	20.0%

*Source: Governor's Office of Minority Affairs (GOMA) for FY 2009 data; Minority Business Enterprise, Annual Report Fiscal Year 2008 by GOMA for FY 2008 and 2007 data*

***The State continues to move closer toward achievement of its goal of awarding 25% of total contract dollars to MBEs.***

When Maryland's MBE law (Section 14-302 of the State Finance and Procurement Article) was established 32 years ago the intent was to cast a net around all State contracting and procurement activity regardless of the feasibility of MBE participation. Over time, State purchasing activity evolved and expanded to include a broader range of transactions, thus making achievement of the 25% MBE goal more challenging. It is important, however, for stakeholders to put this goal into broader context.

Each year a significant portion of State procurement is not conducive to MBE participation. Utilities for State buildings, employee health benefits premiums, and specialized equipment purchases from foreign manufacturers such as mass transit rail cars are examples of contracts that are not conducive to MBE participation. These contracts are tied to maintenance, service and supply contracts issued through the State's Procurement Control Agencies: Department of Transportation, Department of Budget and Management, Department of General Services, and University System of Maryland. When total procurement is adjusted for these contracts, the State's MBE share rises to 26.1% (see Exhibit 2). A summary of the procurements not conducive to MBE participation can be found in Appendix A.

#### **Exhibit 2: Summary of Contract Awards Not Conducive to MBE Participation**

Contracts Not Conducive to MBE Participation (Including Subcontract Amount)	\$1,178,820,529
Net Awards (Total Procurement Awards Less Contracts Not Conducive to MBE Participation)	\$6,271,183,735
Net MBE Awards (Total MBE Procurement Awards Less Contracts Not Conducive to MBE Participation)	\$1,637,518,414
MBE Participation in Net Awards	26.1%

### MBE Performance for Cabinet Procurement Agencies:

Continuous focus and attention on State procurement agencies, especially the Governor's Cabinet-level procurement agencies, proves the theory that "what gets measured gets done," which has become a guiding management principle for the O'Malley-Brown Administration. MBE participation in FY 2009 rose to a combined 23.7% for the Cabinet procurement agencies with 12 of those agencies meeting or exceeding the 25% goal (see Exhibit 3).

Accounting for contracts that were not conducive to MBE participation within the following affected agencies: Budget and Management, Human Resources, Juvenile Services and Transportation-Mass Transit Administration, the overall MBE participation for Cabinet procurement agencies for FY 2009 is 29.1%. Appendix B illustrates this point.

### **Exhibit 3: The Amount and Distribution of Contract Awards for Cabinet Procurement Agencies, FY 2009**

<b>Cabinet Procurement Agency</b>	<b>Total Prime Contract Awards</b>	<b>Total MBE Awards</b>	<b>% MBE Participation</b>
Aging	\$2,731,269	\$423,331	15.5%
Agriculture	\$7,364,419	\$508,525	6.9%
Budget & Management	\$248,629,649	\$15,252,032	6.1%
Business & Economic Development	\$7,217,328	\$4,240,411	58.8%
Education	\$45,331,477	\$12,971,732	28.6%
Environment	\$18,890,423	\$4,933,072	26.1%
Executive Department	\$7,898,954	\$1,696,380	21.5%
General Services	\$292,744,937	\$76,666,418	26.2%
Health & Mental Hygiene	\$832,186,764	\$395,183,949	47.5%
Higher Education Commission	\$975,909	\$457,151	46.8%
Housing & Community Development	\$18,439,144	\$6,255,111	33.9%
Human Resources	\$467,616,180	\$41,102,917	8.8%
Information Technology	\$11,610,877	\$3,236,662	27.9%
Juvenile Services	\$89,125,603	\$12,154,967	13.6%
Labor, Licensing, & Regulation	\$12,119,678	\$1,970,811	16.3%
Natural Resources	\$17,564,293	\$1,440,880	8.2%
Planning	\$1,560,376	\$178,359	11.4%
Police	\$17,492,771	\$1,560,473	8.9%
Public Safety & Correctional Services	\$398,397,001	\$124,905,552	31.4%
Transportation - Aviation	\$174,406,032	\$64,690,107	37.1%
Transportation - Motor Vehicle	\$86,708,912	\$31,815,500	36.7%
Transportation - Office of the Secretary	\$27,332,399	\$7,256,188	26.6%
Transportation - Port Administration	\$115,254,188	\$7,908,217	6.9%
Transportation - State Highway	\$1,512,407,212	\$337,152,274	22.3%
Transportation - Transit Administration	\$1,008,068,132	\$128,002,062	12.7%
Transportation - Transportation Authority	\$349,204,902	\$86,311,111	24.7%
Veterans Affairs	\$2,414,527	\$41,469	1.7%
<b>Cabinet Procurement Agencies Total</b>	<b>\$5,773,693,356</b>	<b>\$1,368,315,622</b>	<b>23.7%</b>

Source: GOMA

### MBE Performance for the StateStat Reporting Procurement Agencies:

There is a subset of Cabinet procurement agencies which regularly participate in StateStat, and therefore undergo the most frequent and rigorous accountability review on a range of performance indicators including analysis of monthly MBE outcomes. MBE participation for the StateStat reporting procurement agencies was 25% in FY 2009. StateStat procurement agencies' MBE participation is illustrated in Exhibit 4. The MBE participation rate is 30.3% when contracts that are not conducive to MBE participation are taken into account as shown in Appendix C.

#### **Exhibit 4: The Amount and Distribution of Contract Awards for 14 StateStat Reporting Procurement Agencies, FY 2009**

StateStat Procurement Agency	Total Prime Contract Awards	Total MBE Awards	% MBE Participation
Business & Economic Development	\$7,217,328	\$4,240,411	58.8%
Education	\$45,331,477	\$12,971,732	28.6%
General Services	\$292,744,937	\$76,666,418	26.2%
Health & Mental Hygiene	\$832,186,764	\$395,183,949	47.5%
Housing & Community Development	\$18,439,144	\$6,255,111	33.9%
Human Resources	\$467,616,180	\$41,102,917	8.8%
Juvenile Services	\$89,125,603	\$12,154,967	13.6%
Labor, Licensing, & Regulation	\$12,119,678	\$1,970,811	16.3%
Police	\$17,492,771	\$1,560,473	8.9%
Public Safety & Correctional Services	\$398,397,001	\$124,905,552	31.4%
Transportation - Aviation	\$174,406,032	\$64,690,107	37.1%
Transportation - Motor Vehicle	\$86,708,912	\$31,815,500	36.7%
Transportation - State Highway	\$1,512,407,212	\$337,152,274	22.3%
Transportation - Transit Administration	\$1,008,068,132	\$128,002,062	12.7%
<b>StateStat Procurement Agencies Total</b>	<b>\$4,962,261,171</b>	<b>\$1,238,672,284</b>	<b>25.0%</b>

Source: GOMA

### MBE Performance for All State Procurement Agencies:

Continuous improvements toward achieving the State's goal of 25% MBE participation in procurements and contracts can be seen across all agencies, with the MBE percentage increasing to 22.2% in FY 2009. Exhibit 5 shows the State procurement agencies' MBE performance in total contract awards. In FY 2009, 20 of the more than 60 State procurement agencies subject to MBE requirements were at or above the 25% mandated goal. Another 20 agencies fell between 15% and 25%. Once procurements that are not conducive to MBE participation are taken into account, the State's overall MBE participation rises to 25.9% (see Appendix D).

**Exhibit 5: The Amount and Distribution of Contract Awards for All State Procurement Agencies, FY 2009**

State Procurement Agency	Total Prime Contract Awards	Total MBE Awards	% MBE Participation
Aging	\$2,731,269	\$423,331	15.5%
Agriculture	\$7,364,419	\$508,525	6.9%
Archives	\$2,628,671	\$1,524,847	58.0%
Assessments & Taxation	\$2,449,179	\$467,245	19.1%
Attorney General's Office	\$559,256	\$328,717	58.8%
Automobile Insurance Fund	\$619,588	\$230,443	37.2%
Baltimore City Community College	\$10,795,549	\$1,472,378	13.6%
Board of Public Works	\$33,670	\$10,292	30.6%
Bowie State University	\$33,237,648	\$10,563,329	31.8%
Budget & Management	\$248,629,649	\$15,252,032	6.1%
Business & Economic Development	\$7,217,328	\$4,240,411	58.8%
Canal Place Preservation	\$159,481	\$0	0.0%
Comptroller's Office	\$92,664,198	\$24,107,942	26.0%
Coppin State University	\$9,405,976	\$2,289,665	24.3%
Deaf, School for the	\$1,955,737	\$38,826	2.0%
Education	\$45,331,477	\$12,971,732	28.6%
Elections	\$5,933,651	\$472,874	8.0%
Environment	\$18,890,423	\$4,933,072	26.1%
Environmental Service	\$81,631,356	\$18,070,169	22.1%
Executive Department	\$7,898,954	\$1,696,380	21.5%
Food Center Authority	\$1,412,865	\$323,232	22.9%
Frostburg State University	\$17,434,411	\$1,323,015	7.6%
General Services	\$292,744,937	\$76,666,418	26.2%
Health & Mental Hygiene	\$832,186,764	\$395,183,949	47.5%
Higher Education Commission	\$975,909	\$457,151	46.8%
Housing & Community Development	\$18,439,144	\$6,255,111	33.9%
Human Relations Commission	\$116,893	\$7,157	6.1%
Human Resources	\$467,616,180	\$41,102,917	8.8%
Information Technology	\$11,610,877	\$3,236,662	27.9%
Insurance Administration	\$3,007,913	\$537,439	17.9%
Juvenile Services	\$89,125,603	\$12,154,967	13.6%
Labor, Licensing, & Regulation	\$12,119,678	\$1,970,811	16.3%
Lottery	\$22,079,384	\$4,704,104	21.3%
Military	\$6,281,844	\$676,251	10.8%
Morgan State University	\$19,499,181	\$1,326,477	6.8%

**Exhibit 5: The Amount and Distribution of Contract Awards for All State Procurement Agencies, FY 2009 (continued)**

State Procurement Agency	Total Prime Contract Awards	Total MBE Awards	% MBE Participation
Natural Resources	\$17,564,293	\$1,440,880	8.2%
People's Counsel	\$433,695	\$15,635	3.6%
Planning	\$1,560,376	\$178,359	11.4%
Police	\$17,492,771	\$1,560,473	8.9%
Prosecutor's Office	\$24,898	\$3,743	15.0%
Public Defender's Office	\$4,050,013	\$177,305	4.4%
Public Safety & Correctional Services	\$398,397,001	\$124,905,552	31.4%
Public School Construction	\$548,987,640	\$84,267,793	15.4%
Public Service Commission	\$4,392,244	\$445,395	10.1%
Public Television	\$4,349,146	\$273,903	6.3%
Retirement	\$8,844,216	\$2,312,983	26.2%
Salisbury University	\$9,287,989	\$1,330,089	14.3%
Saint Mary's College	\$30,101,438	\$1,043,680	3.5%
Stadium Authority	\$28,379,604	\$6,570,632	23.2%
Subsequent Injury Fund & Uninsured Employers' Fund	\$69,277	\$23,435	33.8%
Supplemental Retirement	\$183,810	\$39,099	21.3%
Towson University	\$47,344,613	\$9,014,490	19.0%
Transportation - Aviation	\$174,406,032	\$64,690,107	37.1%
Transportation - Motor Vehicle	\$86,708,912	\$31,815,500	36.7%
Transportation - Office of the Secretary	\$27,332,399	\$7,256,188	26.6%
Transportation - Port Administration	\$115,254,188	\$7,908,217	6.9%
Transportation - State Highway	\$1,512,407,212	\$337,152,274	22.3%
Transportation - Transit Administration	\$1,008,068,132	\$128,002,062	12.7%
Transportation - Transportation Authority	\$349,204,902	\$86,311,111	24.7%
Treasurer's Office	\$969,980	\$207,919	21.4%
University of Baltimore	\$14,560,204	\$1,681,053	11.6%
University of MD, Baltimore	\$218,440,201	\$39,443,595	18.1%
University of MD, Baltimore County	\$44,333,855	\$5,725,288	12.9%
University of MD, College Park	\$349,625,517	\$57,228,826	16.4%
University of MD, Eastern Shore	\$17,868,717	\$788,388	4.4%
University of MD, University College	\$31,485,898	\$4,785,274	15.2%
Veterans Affairs	\$2,414,527	\$41,469	1.7%
Workers' Compensation	\$671,502	\$19,399	2.9%
<b>All State Procurement Agencies Total</b>	<b>\$7,450,004,264</b>	<b>\$1,652,187,990</b>	<b>22.2%</b>

Source: GOMA

## MBE Participation Among Various Procurement Industries:

In FY 2009, the MBE statutory goal of 25% was exceeded in two categories: Human/Cultural/Social & Education and Construction Related Services. Four other categories were between 20% and 25%. Exhibit 6 provides details regarding MBE awards by industry/procurement category.

**Exhibit 6: The Amount and Distribution of Contract Awards Among Different Industries, FY 2009**

Industry/Procurement Category	Value of Total Prime Contract Awards	Value of MBE Prime Contract Awards	Value of MBE Subcontract Awards	Value of Total MBE Awards	Total MBE Participation*
Architectural/Engineering	\$678,379,636	\$19,677,568	\$145,847,419	\$165,524,987	24.4%
Construction	\$2,278,021,424	\$40,439,448	\$461,920,870	\$502,360,319	22.1%
Construction Related Services	\$82,080,688	\$5,270,830	\$20,505,648	\$25,776,478	31.4%
Maintenance	\$900,002,234	\$90,366,122	\$37,069,511	\$127,435,633	14.2%
Services	\$1,305,237,953	\$95,593,521	\$193,703,168	\$289,296,689	22.2%
Supplies & Equipment	\$415,574,861	\$23,631,006	\$11,476,187	\$35,107,193	8.5%
IT Services	\$185,728,411	\$14,695,575	\$14,664,567	\$29,360,142	15.8%
IT Supplies & Equipment	\$160,432,341	\$19,688,995	\$19,637,123	\$39,326,119	24.5%
Human/Cultural/Social & Education	\$1,097,954,914	\$406,330,124	\$4,415,061	\$410,745,185	37.4%
Corporate Credit Card	\$197,863,108	\$11,277,667	\$0	\$11,277,667	5.7%
Direct Voucher	\$148,728,694	\$15,977,578	\$0	\$15,977,578	10.7%
<b>TOTAL</b>	<b>\$7,450,004,264</b>	<b>\$742,948,435</b>	<b>\$909,239,555</b>	<b>\$1,652,187,990</b>	<b>22.2%</b>
*Total amount awarded to MBEs (both prime contractors and subcontractors) in the sector divided by the total dollar amount of prime contracts in that sector.					

Source: GOMA

Contract awards to MBEs have generally continued to rise and in some cases, the rate of increase has been massive. Construction Related Services and IT Supplies & Equipment stand out as examples. Exhibits 7 and 7a provide historical detail regarding MBE awards measured in dollars and participation rates.

**Exhibit 7: Total Value of MBE Awards Among Different Industries, FY 2007–FY 2009**

Industry/Procurement Category	2007		2008		2009	
	Total Value of MBE Awards	Total MBE Participation	Total Value of MBE Awards	Total MBE Participation	Total Value of MBE Awards	Total MBE Participation
Architectural/Engineering	\$112,962,927	20.9%	\$54,363,120	20.5%	\$165,524,987	24.4%
Construction	\$391,339,821	18.3%	\$544,727,801	19.4%	\$502,360,319	22.1%
Construction Related Services	\$1,000,039	12.5%	\$6,454,289	18.1%	\$25,776,478	31.4%
Maintenance	\$98,516,170	33.7%	\$69,598,053	22.8%	\$127,435,633	14.2%

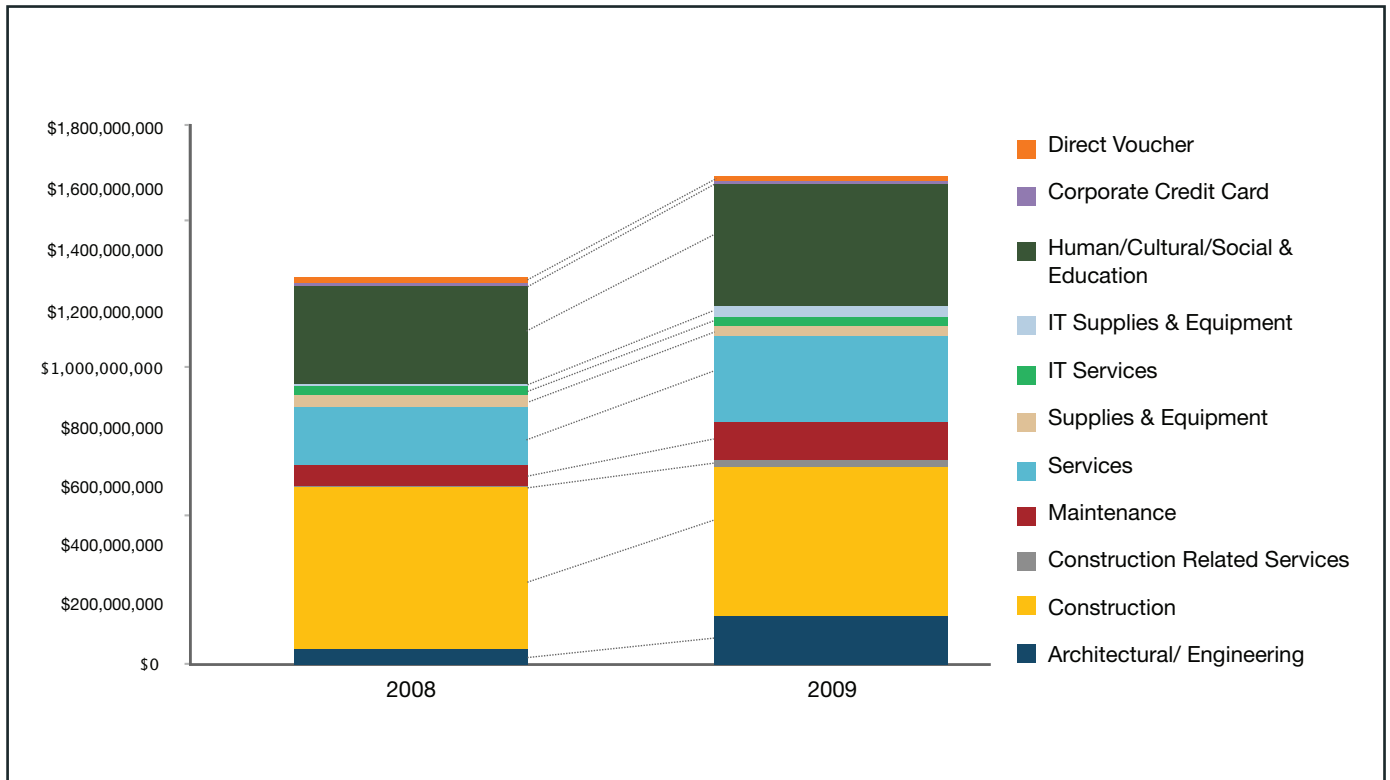


**Exhibit 7: Total Value of MBE Awards Among Different Industries, FY 2007–FY 2009 (continued)**

Industry/ Procurement Category	2007		2008		2009	
	Total Value of MBE Awards	Total MBE Participation	Total Value of MBE Awards	Total MBE Participation	Total Value of MBE Awards	Total MBE Participation
Services	\$123,268,933	14.4%	\$196,028,929	20.4%	\$289,296,689	22.2%
Supplies & Equipment	\$40,723,652	6.0%	\$41,718,161	5.9%	\$35,107,193	8.5%
IT Services	--	--	\$27,181,079	27.6%	\$29,360,142	15.8%
IT Supplies & Equipment	--	--	\$7,140,356	8.1%	\$39,326,119	24.5%
Human/Cultural/Social & Education	\$335,054,288	37.8%	\$331,295,249	45.7%	\$410,745,185	37.4%
Corporate Credit Card	\$10,517,813	5.9%	\$12,334,297	5.9%	\$11,277,667	5.7%
Direct Voucher	\$18,878,590	20.0%	\$17,964,227	7.1%	\$15,977,578	10.7%
<b>Total</b>	<b>\$1,132,262,233</b>	<b>20.0%</b>	<b>\$1,308,805,560</b>	<b>20.3%</b>	<b>\$1,652,187,990</b>	<b>22.2%</b>

Source: GOMA for FY 2009 data; Minority Business Enterprise, Annual Report Fiscal Year 2008 by GOMA for FY 2008 and 2007 data

**Exhibit 7a: Total Value of MBE Awards Among Different Industries, FY 2008–FY 2009**



Source: GOMA for FY 2009 data; Minority Business Enterprise, Annual Report Fiscal Year 2008 by GOMA for FY 2008 data

## Performance Relative to Sub-Goals

The tracking of participation by sub-goals for African American and Women-owned firms is an area of the MBE Program and reporting function unique to Maryland. Maryland was the first state to establish a sub-goal for African American-owned firms (7%), and Women-owned firms (10%). In FY 2009, the percentage of total State procurement awarded to African American-owned firms expanded slightly (4.1% in FY 2008 to 5.0%) and the proportion of awards to Women-owned firms remained steady at approximately 6% (see Exhibit 8).

In absolute terms, awards to African American-owned firms rose 39% from \$266.3 million in FY 2008 to \$371.1 million in FY 2009. Awards to Women-owned firms rose 10.8% from \$397.7 million in FY 2008 to \$439.7 million in FY 2009 (see Exhibit 10).

### **Exhibit 8: MBE Performance of Sub-Goals, FY 2009**

Target Group	Total Value of MBE Awards	% of Total State Procurement
African American (7% Sub-Goal)	\$371,145,118	5.0%
Women (10% Sub-Goal)	\$439,676,065	5.9%
<b>Total Amount Appropriated for the Two Target Groups:</b>	<b>\$810,821,183</b>	<b>10.9%</b>

Source: GOMA

Exhibit 9 shows that African Americans and Women received 49% of the MBE procurement award dollars; 22.5% and 26.6%, respectively.

### **Exhibit 9: The Amount and Distribution of Contract Awards by MBE Classification, FY 2009**

MBE Classification	Value of MBE Prime Contract Awards	Value of MBE Subcontract Awards	Total Value of MBE Awards	% of Total MBE Procurement
African American	\$31,399,942	\$339,745,176	\$371,145,118	22.5%
Asian	\$70,933,305	\$139,499,310	\$210,432,615	12.7%
Hispanic	\$37,398,232	\$102,481,968	\$139,880,199	8.5%
Native American	\$117,183	\$5,439,783	\$5,556,966	0.3%
Women	\$155,222,378	\$284,453,687	\$439,676,065	26.6%
Disabled	\$309,522	\$35,665,679	\$35,975,201	2.2%
Non-Profit	\$235,354,889	\$1,953,953	\$237,308,842	14.4%
Sheltered Workshops	\$212,212,983	\$0	\$212,212,983	12.8%
<b>Total</b>	<b>\$742,948,435</b>	<b>\$909,239,555</b>	<b>\$1,652,187,990</b>	<b>100.0%</b>

Source: GOMA

Exhibit 10 provides comparisons with prior fiscal years and illustrates the significant increase in awards to several of the minority groups, including African Americans, Asians, and Hispanics.

- The value of awards to African Americans increased from \$266.3 million in FY 2008 to \$371.1 million in FY 2009, an increase of 39.4%.
- Awards to Asians surged 81% in FY 2009 to \$210.4 million, up from \$116.2 million in FY 2008.
- Awards to Hispanics expanded by 45.5%, from \$96.1 million in FY 2008 to \$139.9 million in FY 2009.
- Over the past two fiscal years, awards to African Americans increased by 80%, Hispanic awards increased by 123.2%, Asian firms increased by 58.5%, and awards to Women increased by 36.2%.
- Disabled firms showed exponential growth due to the awarding of a large subcontract to a Socially and Economically Disadvantaged firm.

**Exhibit 10: The Value of Awards and the Percentage Change in the Amount of Awards by Different Classifications between FY 2007 and FY 2009**

MBE Classification	MBE Awards 2007	MBE Awards 2008	MBE Awards 2009	% Change Between 2007-2008	% Change Between 2008-2009	% Change Between 2007-2009
African American	\$206,206,523	\$266,333,768	\$371,145,118	29.2%	39.4%	80.0%
Asian	\$132,742,960	\$116,253,861	\$210,432,615	-12.4%	81.0%	58.5%
Hispanic	\$62,657,536	\$96,115,893	\$139,880,199	53.4%	45.5%	123.2%
Native American	\$19,055,663	\$39,906,457	\$5,556,966	109.4%	-86.1%	-70.8%
Women	\$322,921,247	\$396,673,808	\$439,676,065	22.8%	10.8%	36.2%
Disabled	\$6,432,211	\$1,491,710	\$35,975,201*	-76.8%	2,311.7%	459.3%
Non-Profit	\$192,007,334	\$268,549,985	\$237,308,842	39.9%	-11.6%	23.6%
Sheltered Workshops	\$190,238,758	\$123,480,078	\$212,212,983	-35.1%	71.9%	11.6%
<b>Total</b>	<b>\$1,132,262,233</b>	<b>\$1,308,805,560</b>	<b>\$1,652,187,990</b>	<b>15.6%</b>	<b>26.2%</b>	<b>45.9%</b>
*Significant portion (approximately \$33.1 million) represents a subcontract awarded by the State Highway Administration to a certified Socially and Economically Disadvantaged firm.						

Source: GOMA for FY 2009 data; Sage Policy Group, Inc. for the percentage calculation; Minority Business Enterprise, Annual Report Fiscal Year 2008 by GOMA for FY 2008 and 2007 data

## Analysis of MBE Payments

The tracking of payments to MBEs is another area of the MBE Program unique to Maryland. In FY 2009, payments to MBEs again exceeded \$1 billion (see Exhibit 11). This represents a slight decline from FY 2008, presumably as a reflection of contract cycles and payment timing. For example, contract cycles that began at the end of FY 2009 will have payments recorded in FY 2010.

**Exhibit 11: Total MBE Payments for State Procurement Agencies Between FY 2007 and FY 2009**

Fiscal Year	Total MBE Payments
<b>FY 2009</b>	<b>\$1,012,270,195</b>
FY 2008	\$1,117,802,274
FY 2007	\$751,844,427

Source: GOMA for FY 2009 data; Minority Business Enterprise, Annual Report Fiscal Year 2008 by GOMA for FY 2008 and 2007 data

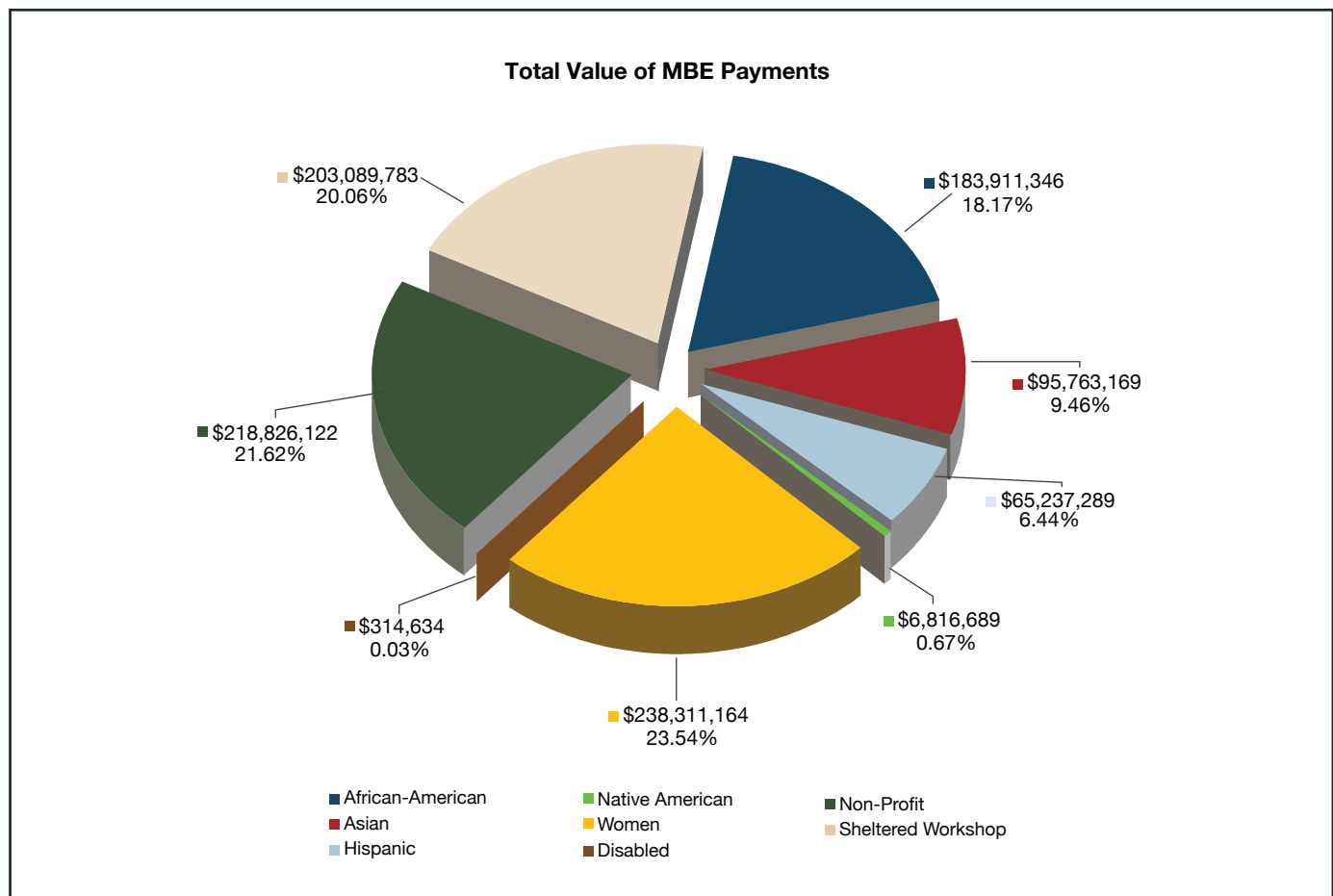
Exhibits 12, 12a, and 12b provide detail on payments to MBEs by classification. Exhibits 12 and 12a show that 57.6% of total payments to MBEs went to African American, Hispanic, Asian, and Women-owned firms. Exhibit 12b indicates that payments to prime contractors and subcontractors varied within each classification.

**Exhibit 12: The Amount and Distribution of Payments by MBE Classification, FY 2009**

MBE Classification	Total Prime Contract Payments	Total Subcontract Payments	Total Prime Contract and Subcontract Payments	% of Total MBE Payments
African American	\$40,219,981	\$143,691,365	\$183,911,346	18.2%
Asian	\$50,879,224	\$44,883,944	\$95,763,169	9.5%
Hispanic	\$29,081,597	\$36,155,692	\$65,237,289	6.4%
Native American	\$73,355	\$6,743,334	\$6,816,689	0.7%
Women	\$107,687,757	\$130,623,407	\$238,311,164	23.5%
Disabled	\$242,934	\$71,700	\$314,634	0.03%
Non-Profit	\$216,308,208	\$2,517,914	\$218,826,122	21.6%
Sheltered Workshop	\$203,089,783	\$0	\$203,089,783	20.1%
<b>Total</b>	<b>\$647,582,838</b>	<b>\$364,687,357</b>	<b>\$1,012,270,195</b>	<b>100.0%</b>

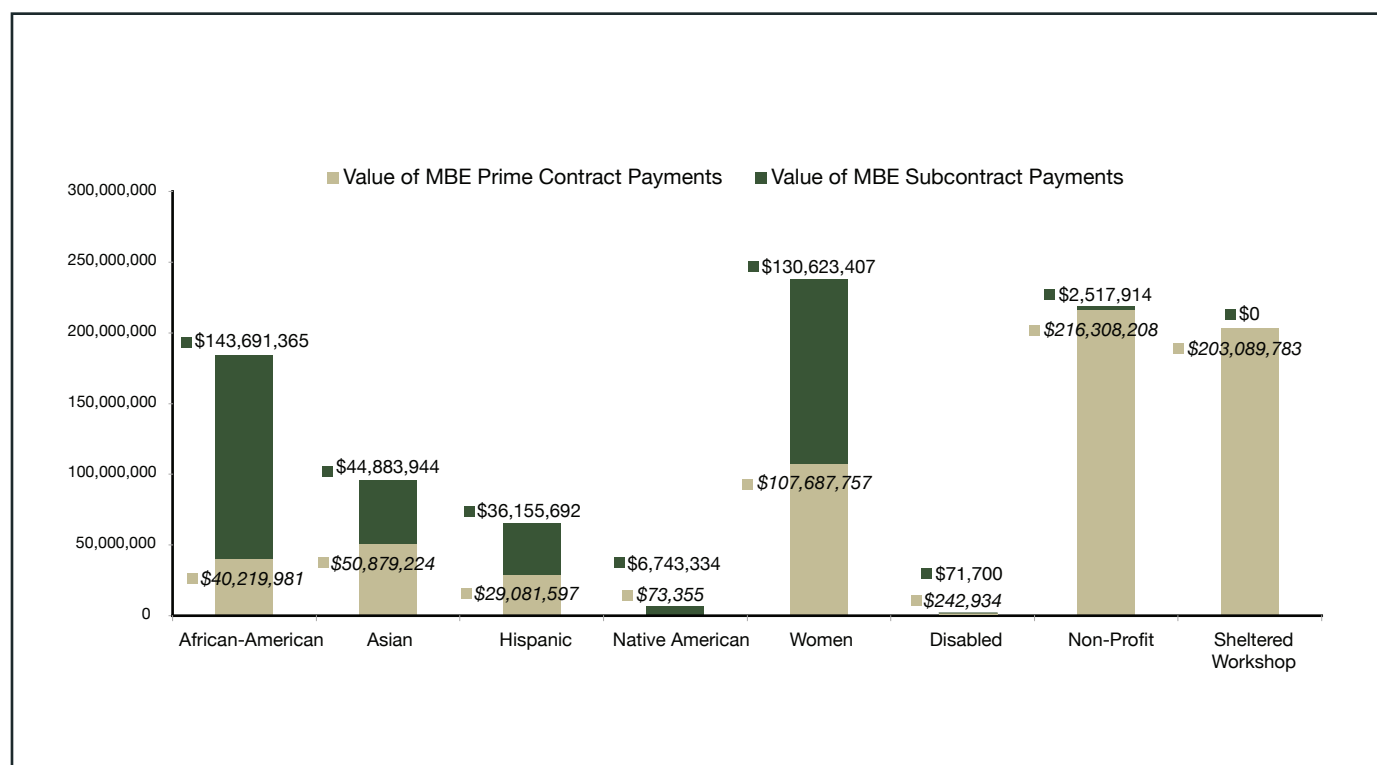
Source: GOMA

**Exhibit 12a: The Amount and Distribution of Payments by MBE Classification, FY 2009**



Source: GOMA

### Exhibit 12b: Prime Contract vs. Subcontract Payments by MBE Classification, FY 2009



Source: GOMA

Exhibit 13 provides a listing of MBE payments made by State procurement agencies and shows that 38.7% of MBE payments made were on contracts procured by the Department of Health & Mental Hygiene, and 11.7% were procured by Transportation–State Highway Administration.

### Exhibit 13: The Amount and Distribution of MBE Payments by State Procurement Agency, FY 2009

Procurement Agency	Total MBE Prime Contract & Subcontract Payments	% of Total MBE Prime Contract & Subcontract Payments
Aging	\$85,796.86	0.01%
Agriculture	\$267,573.00	0.03%
Archives	\$1,224,799.32	0.12%
Assessments & Taxation	\$536,239.30	0.05%
Automobile Insurance Fund	\$230,442.39	0.02%
Baltimore City Community College	\$800,828.98	0.08%
Board of Public Works	\$10,292.00	0.00%
Bowie State University	\$5,066,200.19	0.50%
Budget & Management	\$4,304,086.54	0.43%
Business & Economic Development	\$2,248,481.42	0.22%
Comptroller's Office	\$7,488,445.45	0.74%
Coppin State University	\$1,709,460.41	0.17%
Deaf, School for the	\$148,799.47	0.01%

**Exhibit 13: The Amount and Distribution of MBE Payments by State Procurement Agency,  
FY 2009 (continued)**

Procurement Agency	Total MBE Prime Contract & Subcontract Payments	% of Total MBE Prime Contract & Subcontract Payments
Education	\$13,772,314.77	1.36%
Environment	\$1,321,398.94	0.13%
Environmental Service	\$6,902,522.20	0.68%
Executive Department	\$783,365.24	0.08%
Food Center Authority	\$171,707.63	0.02%
Frostburg State University	\$593,162.13	0.06%
General Services	\$26,131,956.25	2.58%
Health & Mental Hygiene	\$391,597,077.87	38.69%
Higher Education	\$406,700.85	0.04%
Housing & Community Development	\$1,697,469.22	0.17%
Human Resources	\$17,225,702.00	1.70%
Information Technology	\$3,327,538.98	0.33%
Insurance Administration	\$541,851.25	0.05%
Juvenile Services	\$9,021,106.11	0.89%
Labor, Licensing, & Regulation	\$1,011,077.04	0.10%
Lottery	\$7,115,088.48	0.70%
Military Department	\$784,275.00	0.08%
Morgan State University	\$3,616,343.60	0.36%
Natural Resources	\$1,814,493.12	0.18%
Planning	\$394,029.84	0.04%
Police	\$1,037,119.01	0.10%
Prosecutor's Office	\$3,742.83	0.00%
Public Defender's Office	\$148,431.98	0.01%
Public Safety & Correctional Services	\$75,184,992.30	7.43%
Public School Construction	\$47,019,909.82	4.64%
Public Service Commission	\$392,529.14	0.04%
Public Television	\$194,839.65	0.02%
Retirement	\$377,389.32	0.04%
Saint Mary's College	\$1,043,086.06	0.10%
Salisbury University	\$1,363,019.12	0.13%
Stadium Authority	\$12,729,808.77	1.26%
Supplemental Retirement	\$361,673.00	0.04%
Towson University	\$8,613,788.09	0.85%
Transportation - Aviation	\$53,126,712.90	5.25%



**Exhibit 13: The Amount and Distribution of MBE Payments by State Procurement Agency,  
FY 2009 (continued)**

Procurement Agency	Total MBE Prime Contract & Subcontract Payments	% of Total MBE Prime Contract & Subcontract Payments
Transportation - Motor Vehicle	\$29,320,671.82	2.90%
Transportation - Office of the Secretary	\$9,148,059.12	0.90%
Transportation - Port Administration	\$15,989,742.58	1.58%
Transportation - State Highway	\$118,840,599.39	11.74%
Transportation - Transit Administration	\$20,359,440.50	2.01%
Transportation - Transportation Authority	\$55,320,589.17	5.47%
Treasurer's Office	\$164,119.82	0.02%
University of Baltimore	\$1,419,559.06	0.14%
University of MD, Baltimore	\$18,727,948.47	1.85%
University of MD, Baltimore County	\$4,014,769.02	0.40%
University of MD, College Park	\$19,900,183.06	1.97%
University of MD, Eastern Shore	\$529,380.23	0.05%
University of MD, University College	\$4,461,003.94	0.44%
Veterans Affairs	\$102,603.42	0.01%
Workers' Compensation	\$23,857.32	0.00%
<b>Total All MBE Payments</b>	<b>\$1,012,270,194.76</b>	<b>100.00%</b>

Source: GOMA

This analysis of Maryland's Procurement Agencies' MBE Performance for FY 2009 is provided by  
**Sage Policy Group, Inc.** and the **Governor's Office of Minority Affairs.**

## Conclusion and Future Outlook

By all indications, 2009 was a year of significant progress for Maryland's MBE Program. With the continued leadership of Governor O'Malley and Lt. Governor Brown, along with the support of Cabinet Secretaries and MBE Program agents, we are poised to potentially reach the State's 25% goal in 2010. Such a historic accomplishment would come during the year when the Maryland General Assembly is called upon to enact legislation extending the State's nationally renowned MBE statute.

The Governor's Office of Minority Affairs will remain committed and focused on its core mission to assist Maryland's thriving minority businesses to access State contracting opportunities while holding State procurement agencies accountable for achieving the goal of greater MBE inclusion. As the nation and State continue to move from recession to recovery, there is much to do to ensure that minority-owned firms maintain the momentum needed to retain and increase jobs, tax revenues and other vital benefits which support Maryland's healthy economy and families. Working together as One Maryland we will move forward in our pledge to create *More Business for Everyone!*



*More Business for Everyone!*



## APPENDICES

### Appendix A

#### Summary of Procurements Not Conducive to MBE Participation by Procurement Category, FY 2009

Procurement Category	Item	Description	Amount	MBE Subcontract Amount
Maintenance	Equipment Maintenance	Scientific equipment maintenance - proprietary rights	\$173,681	-
	Proprietary Fire & Alarm Systems		\$1,781,665	-
	Buses, Trains, Airport Runway, Traffic Barriers	Emergency, specialized, & sole source maintenance.	\$32,150,891	-
	Rail Line Operation	Agreements with CSX for use of rail lines in Maryland.	\$506,000,000	-
TOTAL Maintenance			\$540,106,237	\$0
Services	Employee/Retiree Health Benefits Premiums	Administrative costs	\$245,773,538	\$14,669,576
	Media/Advertising	Recruiting, advertising, & sole source media placements via Radio, TV, newspapers, trade journals	\$571,605	-
	Utilities for buildings	Water, sewage, electricity, natural gas, steam	\$198,759,104	-
	Specialized services	Sole source and specialized services for software, testimony, paratransit buses	\$13,715,930	-
	Hotels	Conference events, visiting faculty lodging, etc.	\$1,512,573	-
	Shipping - Not Courier	USPS, FedEx, UPS, DHL	\$120,000	-
	Study Abroad and Other Foreign Travel		\$503,562	-
TOTAL Services			\$460,956,312	\$14,669,576
Supplies & Equipment	Sole Source & Specialized Procurements	Locomotive and airplane fuel; gases; proprietary parts for rail, trains, buses, and cranes; other specialized & proprietary commodities	\$131,221,065	-
	Vehicles	State/University fleet vehicles	\$331,513	-
	Industrial, Heavy, and Turf Equipment	Tractors	\$124,670	-
	Scientific	Scientific/specialized/research equipment, laboratory and medical gases, reagents, isotopes, etc.	\$9,652,731	-
TOTAL Supplies & Equipment			\$141,329,979	\$0
IT Services	Telecom Services	Phone and data service; usage fees for cable and internet; fiber optic rings	\$410,800	-
	Sole Source & Proprietary	Sole source & proprietary computer services	\$10,177,329	-
TOTAL IT Services			\$10,588,129	\$0
IT Supplies & Equipment	Software from Manufacturer	Proprietary software, licenses, and maintenance purchased from manufacturer	\$25,839,872	-
	TOTAL IT Supplies & Equipment		\$25,839,872	\$0
GRAND TOTAL Procurements Not Conducive to MBE Participation			\$1,178,820,529	\$14,669,576

## Appendix B

### Amount and Distribution of Contract Awards for Cabinet Procurement Agencies (Excluding Certain Contracts), FY 2009

Cabinet Procurement Agency	Total Prime Contract Awards	Total MBE Awards	% MBE Participation	% MBE Participation Excluding Certain Non-Susceptible Contracts
Aging	\$2,731,269	\$423,331	15.5%	-
Agriculture	\$7,364,419	\$508,525	6.9%	-
Budget & Management	\$248,629,649	\$15,252,032	6.1%	-
<i>Budget &amp; Management*</i>	<i>\$2,856,111*</i>	<i>\$582,456*</i>	<i>-</i>	<i>20.4%</i>
Business & Economic Development	\$7,217,328	\$4,240,411	58.8%	-
Education	\$45,331,477	\$12,971,732	28.6%	-
Environment	\$18,890,423	\$4,933,072	26.1%	-
Executive Department	\$7,898,954	\$1,696,380	21.5%	-
General Services	\$292,744,937	\$76,666,418	26.2%	-
Health & Mental Hygiene	\$832,186,764	\$395,183,949	47.5%	-
Higher Education Commission	\$975,909	\$457,151	46.8%	-
Housing & Community Development	\$18,439,144	\$6,255,111	33.9%	-
Human Resources	\$467,616,180	\$41,102,917	8.8%	-
<i>Human Resources**</i>	<i>\$147,616,180**</i>	<i>\$41,102,917**</i>	<i>-</i>	<i>27.8%</i>
Information Technology	\$11,610,877	\$3,236,662	27.9%	-
Juvenile Services	\$89,125,603	\$12,154,967	13.6%	-
<i>Juvenile Services**</i>	<i>\$30,594,725**</i>	<i>\$9,843,531**</i>	<i>-</i>	<i>32.2%</i>
Labor, Licensing, & Regulation	\$12,119,678	\$1,970,811	16.3%	-
Natural Resources	\$17,564,293	\$1,440,880	8.2%	-
Planning	\$1,560,376	\$178,359	11.4%	-
Police	\$17,492,771	\$1,560,473	8.9%	-
Public Safety & Correctional Services	\$398,397,001	\$124,905,552	31.4%	-
Transportation - Aviation	\$174,406,032	\$64,690,107	37.1%	-
Transportation - Motor Vehicle	\$86,708,912	\$31,815,500	36.7%	-
Transportation - Office of the Secretary	\$27,332,399	\$7,256,188	26.6%	-
Transportation - Port Administration	\$115,254,188	\$7,908,217	6.9%	-
Transportation - State Highway	\$1,512,407,212	\$337,152,274	22.3%	-
Transportation - Transit Administration	\$1,008,068,132	\$128,002,062	12.7%	-
<i>Transportation - Transit Administration***</i>	<i>\$502,068,132***</i>	<i>\$128,002,062***</i>	<i>-</i>	<i>25.5%</i>
Transportation - Transportation Authority	\$349,204,902	\$86,311,111	24.7%	-
Veterans Affairs	\$2,414,527	\$41,469	1.7%	-
<b>Cabinet Procurement Agencies Total</b>	<b>\$5,773,693,356</b>	<b>\$1,368,315,622</b>	<b>23.7%</b>	<b>-</b>
<i>Total excluding certain contracts</i>	<i>\$4,644,364,849</i>	<i>\$1,351,791,801</i>	<i>-</i>	<i>29.1%</i>

\*Excluding health insurance contracts. \*\*Excluding per-diem provider contracts. \*\*\*Excluding agreement to operate railroads.

Source: GOMA

## Appendix C

### The Amount and Distribution of Contract Awards for 14 StateStat Reporting Procurement Agencies, (Excluding Certain Contracts), FY 2009

StateStat Procurement Agency	Total Prime Contract Awards	Total MBE Awards	% MBE Participation	% MBE Participation Excluding Non-Susceptible Contracts
Business & Economic Development	\$7,217,328	\$4,240,411	58.8%	-
Education	\$45,331,477	\$12,971,732	28.6%	-
General Services	\$292,744,937	\$76,666,418	26.2%	-
Health & Mental Hygiene	\$832,186,764	\$395,183,949	47.5%	-
Housing & Community Development	\$18,439,144	\$6,255,111	33.9%	-
Human Resources	\$467,616,180	\$41,102,917	8.8%	-
<i>Human Resources*</i>	<i>\$147,616,180</i>	<i>\$41,102,917</i>	<i>-</i>	<i>27.8%</i>
Juvenile Services	\$89,125,603	\$12,154,967	13.6%	-
<i>Juvenile Services*</i>	<i>\$30,594,725</i>	<i>\$9,843,531</i>	<i>-</i>	<i>32.2%</i>
Labor, Licensing, & Regulation	\$12,119,678	\$1,970,811	16.3%	-
Police	\$17,492,771	\$1,560,473	8.9%	-
Public Safety & Correctional Services	\$398,397,001	\$124,905,552	31.4%	-
Transportation - Aviation	\$174,406,032	\$64,690,107	37.1%	-
Transportation - Motor Vehicle	\$86,708,912	\$31,815,500	36.7%	-
Transportation - State Highway	\$1,512,407,212	\$337,152,274	22.3%	-
Transportation - Transit Administration	\$1,008,068,132	\$128,002,062	12.7%	-
<i>Transportation Transit Administration**</i>	<i>\$502,068,132</i>	<i>\$128,002,062</i>	<i>-</i>	<i>25.5%</i>
<b>StateStat Procurement Agencies Total</b>	<b>\$4,962,261,171</b>	<b>\$1,238,672,284</b>	<b>25.0%</b>	<b>-</b>
<b><i>Total excluding certain contracts</i></b>	<b><i>\$4,077,730,293</i></b>	<b><i>\$1,236,360,848</i></b>	<b><i>-</i></b>	<b><i>30.3%</i></b>
*Excluding per-diem provider contracts. **Excluding agreement to operate railroads.				

Source: GOMA

## Appendix D

### The Amount and Distribution of Contract Awards for All State Procurement Agencies (Excluding Certain Contracts), FY 2009

State Procurement Agency	Total Prime Contract Awards	Total MBE Awards	% MBE Participation	% MBE Participation Excluding Certain Contracts
Aging	\$2,731,269	\$423,331	15.5%	-
Agriculture	\$7,364,419	\$508,525	6.9%	-
Archives	\$2,628,671	\$1,524,847	58.0%	-
Assessments & Taxation	\$2,449,179	\$467,245	19.1%	-
Attorney General's Office	\$559,256	\$328,717	58.8%	-
Automobile Insurance Fund	\$619,588	\$230,443	37.2%	-
Baltimore City Community College	\$10,795,549	\$1,472,378	13.6%	-
Board of Public Works	\$33,670	\$10,292	30.6%	-
Bowie State University	\$33,237,648	\$10,563,329	31.8%	-
Budget & Management	\$248,629,649	\$15,252,032	6.1%	-
<i>Budget &amp; Management*</i>	<i>\$2,856,111</i>	<i>\$582,456</i>	<i>-</i>	<i>20.4%</i>
Business & Economic Development	\$7,217,328	\$4,240,411	58.8%	-
Canal Place Preservation	\$159,481	\$0	0.0%	-
Comptroller's Office	\$92,664,198	\$24,107,942	26.0%	-
Coppin State University	\$9,405,976	\$2,289,665	24.3%	-
Deaf, School for the	\$1,955,737	\$38,826	2.0%	-
Education	\$45,331,477	\$12,971,732	28.6%	-
Elections	\$5,933,651	\$472,874	8.0%	-
Environment	\$18,890,423	\$4,933,072	26.1%	-
Environmental Service	\$81,631,356	\$18,070,169	22.1%	-
Executive Department	\$7,898,954	\$1,696,380	21.5%	-
Food Center Authority	\$1,412,865	\$323,232	22.9%	-
Frostburg State University	\$17,434,411	\$1,323,015	7.6%	-
General Services	\$292,744,937	\$76,666,418	26.2%	-
Health & Mental Hygiene	\$832,186,764	\$395,183,949	47.5%	-
Higher Education Commission	\$975,909	\$457,151	46.8%	-
Housing & Community Development	\$18,439,144	\$6,255,111	33.9%	-
Human Relations Commission	\$116,893	\$7,157	6.1%	-
Human Resources	\$467,616,180	\$41,102,917	8.8%	-
<i>Human Resources**</i>	<i>\$147,616,180</i>	<i>\$41,102,917</i>	<i>-</i>	<i>27.8%</i>
Information Technology	\$11,610,877	\$3,236,662	27.9%	-
Insurance Administration	\$3,007,913	\$537,439	17.9%	-
Juvenile Services	\$89,125,603	\$12,154,967	13.6%	-
<i>Juvenile Services**</i>	<i>\$30,594,725</i>	<i>\$9,843,531</i>	<i>-</i>	<i>32.2%</i>



## Appendix D (continued)

### The Amount and Distribution of Contract Awards for All State Procurement Agencies (Excluding Certain Contracts), FY 2009

State Procurement Agency	Total Prime Contract Awards	Total MBE Awards	% MBE Participation	% MBE Participation Excluding Certain Contracts
Labor, Licensing, & Regulation	\$12,119,678	\$1,970,811	16.3%	-
Lottery	\$22,079,384	\$4,704,104	21.3%	-
Military	\$6,281,844	\$676,251	10.8%	-
Morgan State University	\$19,499,181	\$1,326,477	6.8%	-
Natural Resources	\$17,564,293	\$1,440,880	8.2%	-
People's Counsel	\$433,695	\$15,635	3.6%	-
Planning	\$1,560,376	\$178,359	11.4%	-
Police	\$17,492,771	\$1,560,473	8.9%	-
Prosecutor's Office	\$24,898	\$3,743	15.0%	-
Public Defender's Office	\$4,050,013	\$177,305	4.4%	-
Public Safety & Correctional Services	\$398,397,001	\$124,905,552	31.4%	-
Public School Construction	\$548,987,640	\$84,267,793	15.4%	-
Public Service Commission	\$4,392,244	\$445,395	10.1%	-
Public Television	\$4,349,146	\$273,903	6.3%	-
Retirement	\$8,844,216	\$2,312,983	26.2%	-
Salisbury University	\$9,287,989	\$1,330,089	14.3%	-
Saint Mary's College	\$30,101,438	\$1,043,680	3.5%	-
Stadium Authority	\$28,379,604	\$6,570,632	23.2%	-
Subsequent Injury Fund & Uninsured Employers' Fund	\$69,277	\$23,435	33.8%	-
Supplemental Retirement	\$183,810	\$39,099	21.3%	-
Towson University	\$47,344,613	\$9,014,490	19.0%	-
Transportation - Aviation	\$174,406,032	\$64,690,107	37.1%	-
Transportation - Motor Vehicle	\$86,708,912	\$31,815,500	36.7%	-
Transportation - Office of the Secretary	\$27,332,399	\$7,256,188	26.6%	-
Transportation - Port Administration	\$115,254,188	\$7,908,217	6.9%	-
Transportation - State Highway	\$1,512,407,212	\$337,152,274	22.3%	-
Transportation - Transit Administration	\$1,008,068,132	\$128,002,062	12.7%	-
<i>Transportation - Transit Administration***</i>	<i>\$502,068,132</i>	<i>\$128,002,062</i>	<i>-</i>	<i>25.5%</i>
Transportation - Transportation Authority	\$349,204,902	\$86,311,111	24.7%	-
Treasurer's Office	\$969,980	\$207,919	21.4%	-
University of Baltimore	\$14,560,204	\$1,681,053	11.6%	-
University of MD, Baltimore	\$218,440,201	\$39,443,595	18.1%	-

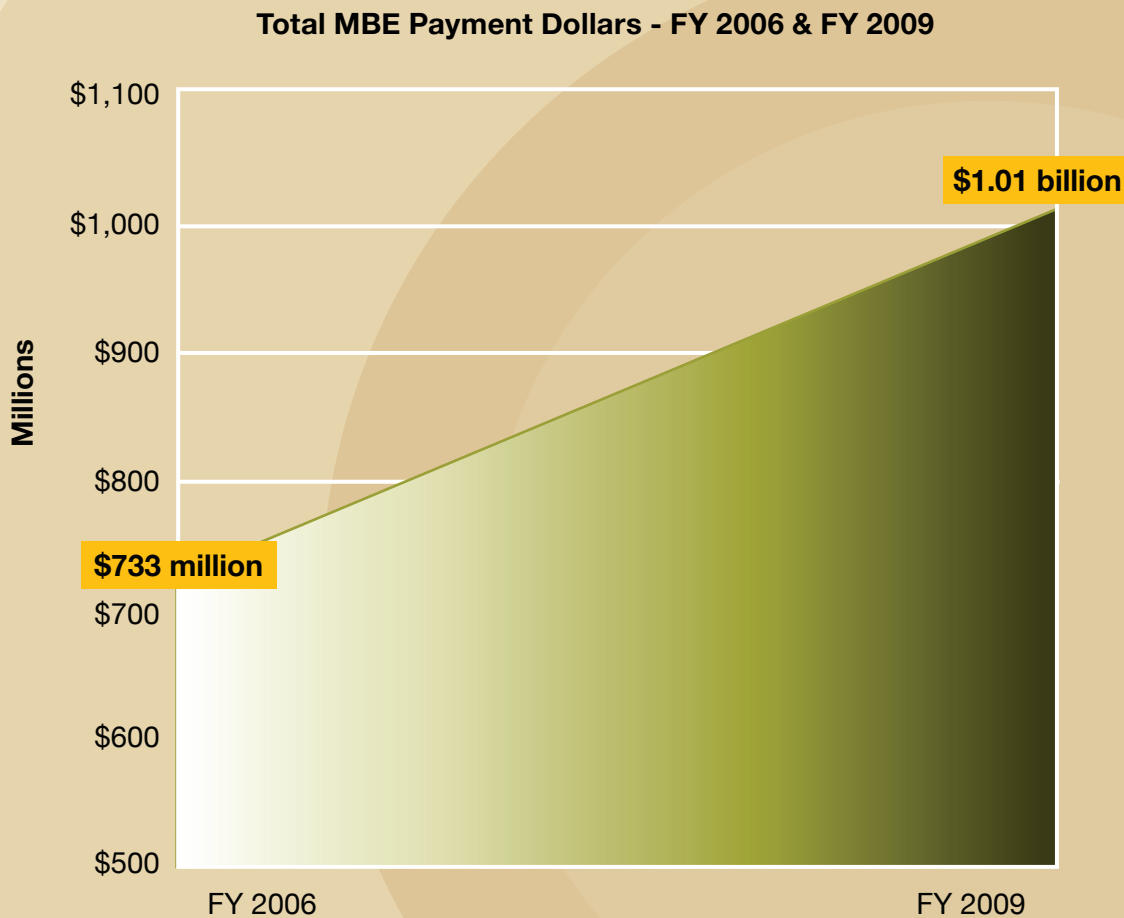
**Appendix D (continued)**

**The Amount and Distribution of Contract Awards for All State Procurement Agencies (Excluding Certain Contracts), FY 2009**

State Procurement Agency	Total Prime Contract Awards	Total MBE Awards	% MBE Participation	% MBE Participation Excluding Certain Contracts
University of MD, Baltimore County	\$44,333,855	\$5,725,288	12.9%	-
University of MD, College Park	\$349,625,517	\$57,228,826	16.4%	-
University of MD, Eastern Shore	\$17,868,717	\$788,388	4.4%	-
University of MD, University College	\$31,485,898	\$4,785,274	15.2%	-
Veterans Affairs	\$2,414,527	\$41,469	1.7%	-
Workers' Compensation	\$671,502	\$19,399	2.9%	-
<b>All State Procurement Agencies Total</b>	<b>\$7,450,004,264</b>	<b>\$1,652,187,990</b>	<b>22.2%</b>	<b>-</b>
<b>Total excluding certain contracts</b>	<b>\$6,319,699,848</b>	<b>\$1,635,206,978</b>	<b>-</b>	<b>25.9%</b>
*Excluding health insurance contracts. **Excluding per-diem provider contracts. ***Excluding agreement to operate railroads.				

Source: GOMA

**Payments to MBE Firms Increased by 38% from FY 2006 to FY 2009  
(\$733 million in FY 2006 to \$1.01 billion in FY 2009)**



*“Payments to minority business enterprises helped create or  
save more than 18,900 jobs in FY 2009.”*

*Governor Martin O'Malley*

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